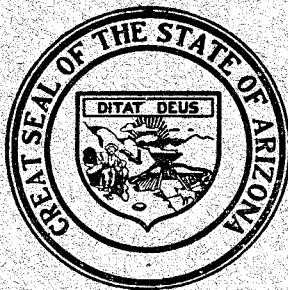


SPECIAL REPORTS
OF THE
State Tax Commission
OF ARIZONA

ON MINING TAXATION



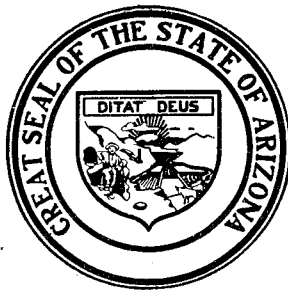
Dated March 17 and 20, 1913

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SPECIAL REPORTS

OF THE

Arizona, **State Tax Commission.**
OF ARIZONA
ON MINING TAXATION



Dated March 17 and 20, 1913

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CHAS. R. HOWE, Member Tombstone
P. J. MILLER, Member Yuma

JESSE L. BOYCE, Secretary, Flagstaff
STELLA BENENATO, Stenographer, Phoenix

THE REPORT

Phoenix, Arizona, March 17, 1913.

To the Governor of Arizona:

In conformity with the promise of the State Tax Commission to make a special report on mine taxation, as set forth on page 81 of the First Report of the Commission, it hereby submits said report.

This report would have been made at an earlier period if the Commission could have had the data requested from the mining companies sooner, but in view of the fact that the last report from the companies did not reach us until February 19, 1913, it was impossible for the Commission to arrive at any definite conclusion. The Commission had also indicated that before making any final report on the question of mine taxation, it would again call the mine representatives into conference for discussion on said report, but as the Legislature is in session and this Commission has been requested by several members of the Legislature to make said report at the earliest possible moment, it has concluded to do so at once with the idea in mind that the mine representatives can appear before the Legislature instead of the Commission for any criticisms of the legislation recommended or submitted.

In our former report, on page 75, will be found the proposed "Mine Tax Law," proposing a tax of $12\frac{1}{2}\%$ on the gross and 100% on the net production of all producing mines in this State. This proposed law was submitted to the Commission by a special committee of the mine owners, after a hearing had by the Commission on October 28, 1912, and upon numerous requests from mine representatives.

The proposition as put to the mine owners by the Commission was: That any law drafted by them must necessarily contemplate something like a "full cash value" of the mines for purposes of assessment, it being understood that this would be the basis of valuation for all property for the year, 1913. It is, therefore, with some regret that the Commission finds, upon examination of the sworn statements of the mine managers, that the total

valuation they would have all producing mines in the State assessed for this year would be only \$31,320,077.95. This total would be more than one and one-half million dollars less than the amount they were valued for assessment in the year, 1912. The totals shown by the statements of the mine owners are as follows:

Total gross value of production for	
the year, 1912,.....	\$ 61,468,527.82
12½% of above amount.....	\$ 7,683,566.01
Net production for 1912.....	23,636,511.94
<hr/>	
Total value for assessment under	
proposed Mine Owners' Bill.....	\$ 31,320,077.95

In view of the fact that the Commission has now issued instructions to all assessors to assess all property under their jurisdiction at its full cash value, thereby increasing materially the valuation of all property **other than mines**, it is self-evident that no bill that would actually **reduce** the 1912 valuation of these properties more than a million and one-half of dollars could receive the endorsement of this Commission.

In view of the aforementioned facts, the Commission must refuse its endorsement to this measure or any other measure calculated to cause the great producing mines of the State to bear any smaller percentage of the burdens of taxation than has been borne by them in the past.

The Commission regards the subject of mine taxation as the most vital problem confronting it at the present time. It is a subject not yet satisfactorily solved by any of the states and probably never will be.

However, a majority of the Commission believes that a law providing for a proper classification of all producing mines on a graduated scale, and basing their annual assessable value on both their gross and net output, would come nearer to placing them on the same basis with other property than any method the Commission has so far been able to devise.

Acting upon this belief and after a careful study of several different schemes of taxation, a bill has been drawn along these lines, a copy of which is submitted herewith.

The total assessable valuation of all mining property in the state, based on the 1912 production, as set forth in this bill, would aggregate a sum slightly in excess of \$108,000,000.00. In this val-

uation is included all non-producing patented mines, improvements and reduction works.

The Commission considers that this amount compares exceedingly favorably with that of the State of Michigan, whose copper mines, under a physical valuation made by a celebrated mining expert, showed a total of only \$69,815,000.00, including all reduction works and improvements of whatsoever nature.

Under the operation of this law the assessable valuation of the mining property of the State would be increased about one and six-tenth times above the valuation had for the year 1912, which would result in its percentage of taxes to be paid, being increased two and six-tenth times, based on the 1912 valuation and rate of that year.

As stated above, this bill would automatically fix the assessable value of each mine according to its class. A mine's value is gauged solely by the intrinsic value of its ore deposits, its possible length of life, and whether it can produce at a profit.

The great Tamarack Mine in Michigan produced, from the year 1907 to 1911, 58,314,000 pounds of copper at an average cost of 15.2 cents per pound, but since the average price of copper for those five years was below 15 cents, its entire output had been produced at a loss and the great Tamarack mine was therefore appraised at zero, and it was a liability and not an asset to its owners.

All mining property in Michigan was appraised by applying three factors: First, average cost of production; second, average prices of copper, and third, an estimate of future life. The third factor, the life of the mine, was based partly on developed ore and partly upon an assumption of continuance of known ore bodies beyond the present bottom levels of the mine. The assumption of continuance was based mainly upon the extent to which the continuity of the deposits had been proven for the district and for the type to which the mine belonged. In other words, a mountain of copper ore has but a nominal value, either for assessing or other purposes, unless it holds such constituents of value that a commercial profit can be made in its reduction and sale as metal. And for this reason, the gross and net products of each mine is its best standard of value. Each year's production should necessarily fix its value as a profit producing property and be assessed accordingly.

Under the Michigan system of ad valorem valuation, all mines

whose expenditures equaled or exceeded receipts from products sold, were appraised at zero and would consequently escape all taxation. This is another reason why the Commission would recommend the aforementioned bill.

Should the Legislature in its wisdom deem it inadvisable to enact this bill into a law, then the Commission would submit for further consideration, a bill identical with the Michigan law, providing for an expert physical examination of the properties by a competent mining engineer, who, of necessity, should reside without the State. The latter method appeals to the Commission as the best now in use in any of the states, its principal disadvantage being the necessity for further examination from time to time, in order to keep up with the new development of the mines and to obviate the necessity of decreasing the assessed value of the property from year to year, according to the decrease of known ore bodies and the bringing into being of new mines. These objections are not required to be met in the bill, based upon a classification of the properties, the valuation becoming automatic on any new mine at once and continuing without decrease during the life of the property; nor is a new examination required from time to time as is in the case of the Michigan law.

In so far as the two systems outlined in the bills herewith presented differ in their value as revenue producers and as equalizing the assessable value of mines with that of other property, there is little to choose.

The State of Michigan made its physical examination in the year 1911, at a time when the price of copper had been steadily decreasing for several years. In arriving at a valuation, Mr. Finlay used as a basis the average price for a period of years, together with the average net proceeds for that period. It, therefore, becomes conclusive to the merest tyro in taxation matters that in order to make any comparison of Michigan with Arizona it becomes necessary to use identically the same year's production. In other words, a fair comparison could not be shown if one uses the production of Michigan in a year or series of years when copper sold at a low figure and in Arizona for a year or a series of years when a high price was obtained.

Take, for instance, the year 1911, when the Finlay appraisal was made, and we find that the average net production for the past five years in Michigan had been something in excess of \$10,000,000.00 each year. For the same period the average yearly net

production for the Arizona coppers had been only slightly higher than this figure, or a little more than \$12,000,000.00 per year. It might be assumed by using these figures as a basis that a similar examination made of the Arizona mines would show the same relative value for Arizona as for Michigan, or an aggregate of \$84,000,000.00. However, the presumption is that Mr. Finlay would find in some of the Arizona mines greater ore bodies than exist in any of the Michigan properties, except it be the great Calumet and Hecla property. Assuming that he would find at least one and one-third times the amount of ore that can be mined at a profit in Arizona that he found in Michigan, and you would have a total of \$112,000,000.00 for the Arizona mines as against less than \$70,000,00.00 for those of Michigan. This, we believe, from a careful study of Mr. Finlay's methods, would be the highest figure the Commission would have reason to expect from him. This might also be reduced, as Mr. Finlay found numerous large properties in Michigan that had theretofore been taxed for considerable sums by the state that he appraised at zero. The Commission believes a similar condition would be shown to exist in Arizona.

However, it is with no desire to in any manner disparage the Michigan law that the above objections are noted, but merely to place before the Legislature the important facts, with the sole desire that some equitable law be enacted whereby the mines will bear their proper share of the taxes as compared to other property.

The scheme of the capitalization of the net proceeds of a mine for the year previous in order to obtain its present value for assessing purposes has not been overlooked by the Commission and is not a new one, even in **this** state. It has been advocated for several years by numerous authorities, but practically all have now ceased to consider it as a panacea or a cure-all for the great subject of mine taxation. So far as the Commission has been able to ascertain, no tax expert or authority has ever attempted to draft a bill, nor has any state even considered passing a law of this character.

The truth of the matter is, that no two persons can agree on the thousand and one things that should or should not be charged in order to arrive at a net. Whether they should be allowed to provide for interest charges and sinking fund on the total capital invested, and if so, what rate of interest they should be al-

lowed, and how much of a sinking fund to accumulate each year, all of which is dependent upon the life of the mine, which is the unknown quantity.

Of all the schemes yet proposed, this one of capitalization seems the most hazy and unreasonable, and the fact that the **previous year's** net production must be considered in any computation to obtain the **present year's** value enters equally into this plan as it does under the plan of classification, which fact makes it no more desirable from this standpoint. Several of our largest mines, if assessed under this scheme, would show little or no net proceeds if allowed interest on their capital invested and a certain stipulated amount for sinking fund dependent upon the probable life of the mine, which of necessity would have to be done in any capitalization scheme.

The states of Montana, Nevada and Utah use only the annual net production of their mines as the assessed value of the properties for each fiscal year. Such laws as these, on the very face of them seem absurd to a state like Arizona, where the law contemplates that all property be assessed at its "full cash value." The idea that the "full cash value" of any of our great producing mines should be only its net yearly output is so fallacious that it needs no further discussion in this report.

The state of Michigan has of late years made some progress along the lines of equitable mine taxation. In the year 1911, the Legislature passed a law, as heretofore set forth in this report, authorizing the State Tax Commission to employ a competent mining expert to appraise the actual physical valuation of all mining properties in the state. The law provided for the appropriation of \$30,000.00, or so much thereof as might be needed, to defray the expense of aforesaid examination.

Acting under this law, the Michigan Tax Commission employed the eminent mining engineer, John R. Finlay, of New York, a man whom they believed to be absolutely above suspicion and reproach, to make a physical examination of all the producing mines of the state. Mr. Finlay's examination disclosed a total valuation of the copper mines of the state to be slightly under \$70,000,000.00, including all lands and improvements. While this valuation fell far short of the stock values of the properties, yet both the state authorities and the mines appear to be satisfied and no difficulty has been encountered in the collection of the taxes. The examination of Mr. Finlay disclosed the further

fact that several of the large mining properties were actually operating at a loss, with absolutely no hope of ever making a profit, except through the manipulation of their stocks in their respective markets.

It must be remembered that great changes and reforms in any direction are not reached at a single bound, and the same inexorable rule applies to matters of taxation as to other affairs.

It should be further remembered that the proposed classification tax on mines as well as the physical examination method proposed by this Commission would raise their taxable value in either case more than ten millions of dollars in excess of the total valuation of the entire state prior to 1912, when the Tax Commission took office.

While the Commission is endeavoring to enforce the law as it finds it on the statute books, which reads that all property shall be assessed at its "full cash value," yet it is a well-known fact that this is a goal never yet attained by any of the older states and exists only in theory.

Bearing in mind all of the facts heretofore set forth and with the utmost desire to assist the Legislature in drafting the best mine tax law possible to be had, a law that is something more than a chimerical scheme, and that will stand the test of all of the courts and upon which there will not be the possibility of tying up the principal sources of revenue of the mining counties and of the state indefinitely, the Commission herewith respectfully submits this special report, together with the accompanying bills.

Respectfully submitted,

CHAS. R. HOWE,

P. J. MILLER,

Commissioners.

(SEAL)

Attest:

JESSE L. BOYCE, Secretary.

OFFICE OF THE STATE TAX COMMISSION OF ARIZONA

Phoenix, March 20, 1913.

To the Governor of Arizona:

The minority of this Commission subscribes to the majority report, filed with you on March 17, 1913, but takes the following exceptions:

The plan to tax the gross and the net, the criticism of the Michigan system and the following paragraphs. It also definitely recommends one method.

1. "The idea that the full cash value of any of our great producing mines should be only its net yearly output is so fallacious that it needs no further discussion in this report."

The majority of this Commission infers, however, that if to the net the gross is added, the full cash value is found. To this the minority dissents.

2. "It should be further remembered that the proposed classification tax on mines as well as the physical examination method proposed by this Commission would raise their taxable value in either case more than ten millions of dollars in excess of the total valuation of the **entire state** prior to 1912, when the Tax Commission took office."

But the classification plan to tax the gross and net proposed by the majority would not change the relative position of the mines with other property since the Commission took office. The physical examination method would.

3. "While the Commission is endeavoring to enforce the law as it finds it on the statute books, which reads that all property shall be assessed at its 'full cash value,' yet it is a well known fact that this is a goal never yet attained by any of the older states and exists only in theory."

The minority insists that although this goal has never been reached anywhere else, it might be reached in Arizona. To admit that this goal can never be reached is to impede a near approach to it.

4. "The total assessable valuations of all mining property in the state, based on the 1912 production, as set forth in this bill, would aggregate a sum slightly in excess of \$108,000,000.00. In this valuation is included all non-producing patented mines, improvements and reduction works."

5. "The Commission considers that this amount compares exceedingly favorably with that of the State of Michigan whose copper mines, under a physical valuation made by a celebrated mining expert, showed a total of only \$69,815,000.00, including all reduction works and improvements of whatsoever nature."

The total valuation of the Michigan mines has no more relation to the total valuation of the Arizona mines than has the total valuation of the standing timber in Michigan to the total valua-

tion of standing timber in Arizona, unless the two classes of wealth stand in the same ratio between the two states.

6. "Under the operation of this law the assessable valuation of the mining property of the state would be increased about one and six-tenth times above the valuation had for the year 1912, which would result in its percentage of taxes to be paid, being increased two and six-tenth times, based on the 1912 valuation and rate of that year."

This statement is misleading, though unintentionally so. The actual results are far different. This valuation of \$108,000,000.00 is based on the 1912 production. The assessed valuation of 1912 was based on the 1911 production. A valuation found by the 1912 method and based on the 1912 production would amount to about \$60,000,000.00, to which would be added about \$25,000,000.00 for equipment and non-productive mines, or a total of \$85,000,000.00 as against the \$108,000,000.00 found by the gross and net plan. So it can be seen that instead of an increase of one and six-tenths, it is an increase of less than one-fourth over the method used in 1912; and when it is remembered that in 1913 all property is to be assessed at its full cash value, it is plain that the advantage claimed for the amount of taxes paid is wiped out entirely.

7. "The scheme of the capitalization of the net proceeds of a mine for the year previous in order to obtain its present value for assessing purposes has not been overlooked by the Commission and is not a new one, even in this state. It has been advocated for several years by numerous authorities, but practically all have now ceased to consider it as a panacea or a cure-all for the great subject of mine taxation. So far as the Commission has been able to ascertain, no tax expert or authority has ever attempted to draft a bill, nor has any state even considered passing a law of this character."

8. "The truth of the matter is, that no two persons can agree on the thousand and one things that should or should not be charged in order to arrive at a net. Whether they should be allowed to provide for interest charges and sinking fund on the total capital invested, and if so, what rate of interest they should be allowed, and how much of a sinking fund to accumulate each year, all of which is dependent upon the life of the mine which is the unknown quantity."

9. "Of all the schemes yet proposed, this one of capitaliza-

tion seems the most hazy and unreasonable, and the fact that the **previous year's** net production must be considered in any computation to obtain the **present year's** value enters equally into this plan as it does under the plan of classification, which fact makes it no more desirable from this standpoint."

All the above objections apply with equal force to the plan to tax the gross and the net proposed by the majority.

10. "Under the Michigan system of ad valorem valuation, all mines whose expenditures equaled or exceeded receipts from products sold, were appraised at zero and would consequently escape all taxation. This is another reason why the Commission would recommend the aforementioned bill."

11. "This might also be reduced, as Mr. Finlay found numerous large properties in Michigan that had theretofore been taxed for considerable sums by the state that he appraised at zero. The Commission believes a similar condition would be shown to exist in Arizona."

12. "The great Tamarack Mine in Michigan produced, from the year 1907 to 1911, 58,314,000 pounds of copper at an average cost of 15.2 cents per pound, but since the average of copper for those five years was below 15 cents, its entire output had been produced at a **loss** and the great Tamarack mine was therefore appraised at zero, and it was a **liability** and not an asset to its owners."

13. "The examination of Mr. Finlay disclosed the further fact that several of the large mining properties were actually operating at a loss, with absolutely no hope of ever making a profit, except through the manipulation of their stocks in their respective markets."

The minority agrees that Mr. Finlay did appraise properties as above stated, but the State of Michigan continued to assess them nevertheless, as all will agree the State of Arizona should do upon some basis. It will be noticed that the Tamarack produced at a cost of 15.2 cents per pound. There is not a single company included in the Arizona group of big producers which make up practically all the 1912 net, that produced at a cost in excess of 13.31 cents per pound as shown by the sworn reports of these companies to this Commission. These reports were made for assessment purposes in which the net was the largest factor, and on this account it cannot be said that the cost was figured less than it actually was and the net greater than it actually was.

This high cost was in 1912 when copper sold for 16.341 cents. In 1911 when this company's copper sold for 12.36 cents its cost was 12.06 cents. This cost and that of former years included the liquidation of its bonds. Its bonds are now all liquidated and the company has a clean slate. An examination, therefore, will not show any properties of the big producing group to be worthless. As to those properties whose only hope of profit is through stock manipulation, the minority will quote the language of Mr. Finlay:

"I take the ground that the State of Michigan does not wish to recognize extrinsic valuations created by promoters whose business is not to produce copper, but to gauge the public appetite for speculation."

The minority holds to the opinion advanced by all honest mining men that a legitimate mining enterprise does not have to be exaggerated to be successfully promoted

To the principle of taxing the gross and the net, the minority cannot even give a suggestion of approval. It admits the claim too long made in Arizona that not even an approximate value of the mines can be determined and acknowledges that the State of Arizona cannot control its sources of revenue.

As stated in the majority report, the mine owners submitted a plan to tax the gross and the net that would yield even less revenue than was obtained in 1912. The plan submitted by the majority of this Commission is inherently the same. It will raise the value of the mines to about the same relative proportion under a full valuation and a full listing of all property that they occupied in 1912 under a partial valuation of all property. So in reality it is possible for this plan not to yield any more revenue than was obtained in 1912. But far more grave than this defect is the additional one, that the plan is absolutely wrong in principle.

No attempt is made to arrive at the actual value of the properties as is done or will be done with respect to all other property in the state. To say that a certain percent of the gross and a certain percent of the net is the value of the mines is altogether a false premise. It might be said that the gross and net equaled a certain portion of the value, but to say that they are the value is a mere guess, entirely unsupported by any facts whatsoever. If the gross and the net equal more than the value of the mines, the State of Arizona is not entitled to that valuation, nor does it want it. On the other hand, if the gross and net do not equal the value

of the mines, the state is entitled to the full value of the mines and should get it. If the producing mines of Arizona are examined by an engineer of unquestioned reputation, the minority believes the state will get the full valuation of the mines.

The minority recommends an ad valorem valuation, based on a physical examination and no other method. To accomplish this end it recommends the bill accompanying the majority report, providing for a physical examination. The minority will say in this connection, that it favors a graduated tax on the producing mines at this time, but this is a minor matter and the minority does not care to advance the idea if it should endanger the main question.

There can be no doubt that the assessment based on a physical examination will yield to the state a revenue equitable to that received from other property and that no other method will

The total valuation fixed for the Michigan copper mines for the year 1911 by Mr. Finlay was eight and one-half times the average annual net production of those mines for five years, that is to say, the average annual net was \$8,240,000.00 and the valuation found for 1911 was \$69,815,000.00. Upon the same calculation with copper at 16.341, the Arizona mines would be valued in 1912 at \$200,900,343.00, that is to say, the total net of the Arizona producing mines for 1912, as shown by the mining reports to the Tax Commission, was \$23,636,511.94, which multiplied by eight and one-half, makes the above value of over two hundred million.

Of course, these figures can not be exact. They are used to illuminate the subject. The average annual net of the Arizona mines for the same period of the Michigan calculation was very much less than the net of 1912, but this does not effect the ratio between the net and the total value found by Mr. Finlay. The comparison affecting the annual net is extremely favorable to Arizona. The Michigan production shows a decline, while the Arizona production shows a remarkable increase, and this increase was still greater during the years 1911 and 1912. So while the total average annual net for the Michigan mines is practically stationary, there is every reason to believe the total average annual net of the Arizona mines now producing will not be less than that of 1912 during the future life of the mines. This assertion is well sustained by the fact that nearly all the large producers

are equipping their properties for larger and more economical production. The price of copper affects the net.

The gold and silver in Arizona copper raises the price of that copper fully two-thirds of a cent per pound. This fact would always make the total net greater for an Arizona calculation than for a Michigan calculation.

Mr. Finlay, in his report to the Michigan Tax Commission, stated that he believed the average price of copper for the next twenty years would be more than fourteen cents, the figure used in his calculation. The actual price obtained during the period calculated was 15.3 cents.

Mr. Finlay still believes the trend of copper prices will be upward. If an Arizona calculation should be based on fifteen cents, plus the two-thirds of a cent for gold and silver, it can be seen that the 1912 price is not materially wrong.

For these reasons, the total net for 1912 is not a radical figure to assume as the average annual net during the future life of the Arizona mines.

The one thing that affects the ratio between the average annual net and the total present value of the mines is the future life of the mines. The Michigan calculation found that it would take an average of sixteen years to mine all the copper calculated. This calculation of sixteen years resulted in the ratio of eight and one-half between the net and the present value. It is not necessary to suggest to the public that the average future life of the Arizona mines now producing will be more than sixteen years. If the ratio should be raised to ten, the total valuation for 1913 would be raised to \$236,365,119.40. It is safe to assume that the ratio of eight and one-half would be raised by an examination of the Arizona mines. In the language of Mr. Finlay, speaking in contrast to the older mines of Michigan, the new mines in Arizona, Utah, Nevada and New Mexico undoubtedly contain the greatest reserves of available copper in the world today. This additional reason demonstrates that the figure, \$200,000,000.00 is not unreasonable.

The value of \$108,000,000.00, arrived at in the majority report by the gross and net plan contains the value of all mining property in the state. The value of the mining property, other than that of the producing mines contained in the \$108,000,000.00, is about \$25,000,000.00. The \$200,000,000.00 found in this report does not contain any of this property. It properly excludes the

equipment of the producing mines. It must be remembered, however, that the figure found in this report is based only on the mines producing at a net. Therefore, to find the value of all mining property of the state, additions would have to be made to the value found for the net producers as follows:

The value of those mines now producing at a loss for which an examination would show a future life of net.

Those mines producing at a loss for which an examination at this time would not show a future life of net, but which should pay some tax.

The non-producing patented mines which are assessed on an acreage basis and all equipment thereon. For this reason and those enumerated above, the minority of this Commission is willing to stand on the \$200,000,000.00 as a conservative value of all mining property in the state that would be found by an examination as against the \$108,000,000.00 found by the majority of this Commission.

The mines will not have to be examined every year. It will be sufficient to examine them once in four years. The necessity for repeated examination is a happy condition for the state, as it only bespeaks new wealth discovered, and for this reason the examination should not be regarded as an expense.

Letters from J. R. Finlay, on file in this office, indicate clearly that a better examination of the Arizona mines can be had for the same money in about the same length of time. There need be no difficulty over the time required to obtain a thorough examination.

The oft repeated claim, that the extent of the ore bodies in Arizona mines cannot be determined by any man does not need to be denied to support a physical examination. The reason that claim is true is because new reserves have been continually found in unexpected places. That an engineer can "look" as far into the Arizona mines as in any other mines, is demonstrated by the equally large investments in Arizona mines as elsewhere. It can also be added significantly that no investment in any of the present large producing copper mines in Arizona has been anything but a splendid success.

The statement made year after year that the large copper mines have but two or three years' ore in sight does not mean anything. The impression given by that declaration is dissipated every year by the record of the mines themselves, both as to their

production and their showing under exploration and development.

In conclusion, the minority wishes to state that it is entirely and strenuously opposed to the plan to tax the gross and net, recommended by the majority of this Commission.

It is just as emphatically for a physical examination by an engineer of unquestioned reputation. It believes no adequate tax will ever be obtained from the mines except by this method.

Of the methods proposed, this forms the basis of the least chimerical of all and for this reason guarantees more than all others that the taxes laid will be collected.

The minority agrees that great reforms come slowly, but insists that this reform has been on its way already for nearly a generation and that its hour of fruition is now at hand.

It is true no exact figures can be found from unknown quantities. This makes it all the more necessary that all the known quantities should be secured before a final conclusion is reached. The minority challenges all who are opposed to an examination for an opportunity to try it.

The minority wants to emphasize the statement of the majority of this Commission, that the subject of mine taxation is the most vital problem confronting this Commission at this time. The law creating this Commission requires it to investigate and recommend. On the most vital subject, the minority does not believe there should be anything but one definite conclusion, and for this reason it cannot join in two conclusions that have nothing in common.

Respectfully submitted,

C. M. ZANDER,

Commissioner.

(SEAL)

Attest:

JESSE L. BOYCE, Secretary.